

Summer 2013

Season's Greetings from the team here at Greenfire – where has the year gone?

It seems like only yesterday we were starting a new financial year and here we are looking down the barrel of the end of another!

Like many businesses we at Greenfire have had lots happening and the team are looking forward to a well-earned break.

Notable highlights through our year have been:

- Kyle graduating with his degree from Auckland University and now undertaking the rigours of the professional accounting exams.
- Gaz continuing her studies and currently embarking on a summer school programme to further enhance her knowledge and skills
- Charles, joining the firm after completing his full time studies.

Both the boys took time out to travel through Europe and returned wiser, more learned and refreshed.

We would like to take this opportunity to thank you for your continued support of Greenfire and trust that you have enjoyed the relationship as much as we have enjoyed being of service to you.

We wish you and your families a Merry Christmas and a prosperous New Year.



Christmas closing period

Our offices will close on Friday 20th of December 2013, and reopen Monday 13th of January 2014

Risk and Reward

Mixed Use Assets – taking note.....



If you own a holiday home and rent this out commercially, there are new rules around how tax deductions are calculated. In order to accurately work out what these will be, there are some crucial points that we will require from you. You will still need to keep your normal records for income and expenses, but as well as that you will need to start recording the following information:

How is the asset used for each day of the year?

Is it rented out?

Are you using it for personal or private use?

Who used the asset?

How many days was it in use?

Who used it and what is their relationship to you?

How much rent/hire cost did you charge to each person?

Were any repairs carried out?

What was the reason for the repairs?

Did you carry these out yourself?

Did you stay at the bach while you undertook these repairs?

You will also need to make a note of the following -

The cost of advertising the rental

The cost of repairs and damages to the asset caused by tenants

The cost of insuring the bach, any mortgage interest and rates

By keeping a note of the above information, we can assess what is and what isn't deductible for you when we start preparing your annual tax return. If you have any more questions about mixed use assets, feel free to give us a call. We have some handy tools which might help you keep track of usage.

Accept responsibility for your life. Know that it is you who will get you where you want to go, no one else.

Les Brown

Planning Forecasting & Budgeting

It's at this time of year we seem to take stock of where we thought we would be at year end and where we actually are. It's human nature at the commencement of a year to make resolutions about what we want to achieve, what we want to give up and where we would like to be by the end of the following year.

Many people just think about these things and internalise them, others write them down (and many put them in a place never to be seen again!) and others still write them down then pay little attention to them.

Those that really achieve consider matters carefully, base goals on sound judgement about desire & achievability and then plan to achieve them through continual monitoring & adjustment.

It was once said "It's not that people plan to fail, they just fail to plan".

Profitability and Cashflows are rarely achieved without careful planning by business owners.

Our experience has shown that preparing soundly based turnover forecasts, carefully considering costs and then monitoring these regularly can make managing a business far more effective.

You need to include loan repayments, tax payments and drawings into cashflow forecasts so that you can then assess that you can meet all your requirements as they fall due.

Is there a need to purchase new capital items? How will these be funded and will they generate enough income to meet the repayments on any borrowings.

Forecasting is not a 'one-off' project. You need to develop the initial numbers, reassess and re-work various aspects and create more than one version, based on your intimate knowledge and best guesses.

Once you have your budgets, then it's about monitoring actual v budgeted performance, assessing where any variations have occurred, why they have occurred and what can be done to alter the results. With real time numbers through the use of Xero these reviews are more readily achievable to businesses than ever before.

Too many businesses have a plan, create a budget then don't monitor how the business is tracking and what has altered from the initial assumptions.

By continually reviewing and revising only then can you make alterations that can alter the outcomes.

You don't think a runner who wants to achieve a marathon time only measures that time at the end? Distance/time splits are vital to achieving the desired end result.

So too, in business, budget/review splits can alert you to adjust the focus so that you can achieve that year end outcome.

Call us to assist you to achieve your goals in 2014.



Festive Season Entertainment



With all the festive season activities upon us, the perennial questions arise as to what is deductible for tax purposes, what is subject to FBT and what we can only claim 50% of?

In general most of the festive costs involving your team are 50% deductible, eg Xmas function, Friday night drinks, taking a client out for dinner etc.

Other costs like meals for sales reps who are away on business, providing morning teas, gifts to clients are 100% deductible.

Gifts to team members, memberships to gym/golf club etc are 100% deductible however fall into the FBT regime and if are not included in the exemptions can be subject to FBT.

If you are unsure of what category your expense falls in to please contact the Greenfire Team for assistance.



Disclaimer:

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.

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